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EUROPE

 GERMANY: <u>Soviet reaction</u> to London agreements on Germany— US Political Adviser Murphy in Berlin observes that "the most positive reaction by Soviet authorities to the London communique" has been in the field of transport and travel. Murphy comments that the action of Soviet officials in delaying freight movement across the frontier of the Soviet Zone may well indicate that the USSR is now preparing to cut Berlin off completely from supplies originating in the west. Murphy observes, however, that it is also possible that Soviet authorities are attempting to create a situation in which they can declare that emergency conditions prevail in Berlin, thus hoping to convoke a meeting of the Allied Control Council in order to discuss the situation. Meanwhile, Headquarters European Command Heidelberg reports that Soviet officials have closed at a number of points the highway between Berlin and Magdeburg, allegedly for road repairs, and that the Berlin-Helmstedt highway may be similarly closed within the next few weeks.

(CIA Comment: CIA considers that Ambassador Murphy's alternative suggestion that the USSR may be trying to create an "emergency" situation is more likely to represent Soviet intentions.)

2. GREECE: Rankin warns against Soviet-Satellite blandishments—US Charge Rankin fully endorses the view that the Greek military situation constitutes the key to the Balkan situation. Rankin believes that recent Soviet-Satellite gestures of conciliation may be an effort to settle the Greek affair by conciliation through the UN, thus by-passing the UN Special Committee on the Balkans (UNSCOB), and leaving the Communists "unbroken" to resume their campaign at a more propitious time. In Rankins' opinion, it is essential that the military phase of the Greek campaign end with a "crushing defeat" of the guerrillas and not through appeasement or conciliation. Rankin emphasizes that US officials in Greece feel genuinely confident that the Greek Army can bring its current campaign to a successful conclusion.

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